

EXHIBIT 2
DATE 1/5/2011
HB

Facts About Montana Education

September

Montana Office of Public Instruction
Denise Juneau, Superintendent

Montana Public School Enrollment

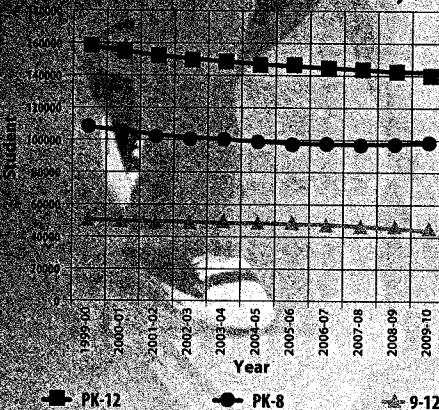
| | 2008-09 | 2009-10 | % Change 2009 to 2010 |
|--------------------------------|---------|---------|--------------------------|
| Elementary | | | |
| Kindergarten | 778 | 1,206 | |
| Grades 1-5 | 10,900 | 10,959 | |
| Grades 6-8 | 63,532 | 64,041 | |
| Grades 9-12 | 21,780 | 21,638 | |
| Total Elementary | 96,990 | 97,844 | 0.9% |
| High School | | | |
| Grades 9-12 | 44,979 | 43,849 | |
| Total High School | 44,979 | 43,849 | -2.5% |
| State Funded Schools* | | | |
| Elementary (Pk-8) | 22 | 24 | |
| High School (9-12) | 91 | 90 | |
| Total State Funded Schools | | 114 | 0.9% |
| Total Public School Enrollment | 142,082 | 141,807 | -0.2% |

* State funded schools are Pine Hill, and Riverside School, and the Break and Bend School.

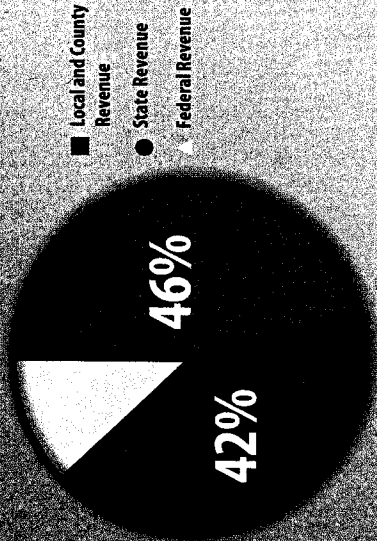
Public School Enrollment

Public school enrollment peaked in the 1985-1996 school year. Since then, enrollment has declined. With less than 20,000 students, the enrollment decrease is due to the decrease in Montana live births. After declining for seven years, kindergarten enrollment began increasing again in 2003-04 and has increased by 813 students from 2003-04 to 2009-10. Elementary grades (Pk-8) are showing an increase in enrollment (0.9%). High school enrollment is continuing to show a steady decline (-2.5%).

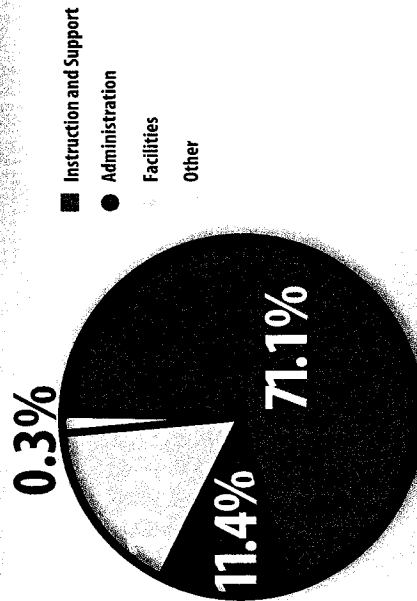
Ten Year Enrollment History



Montana Public School Districts Statewide Revenues 2008-09



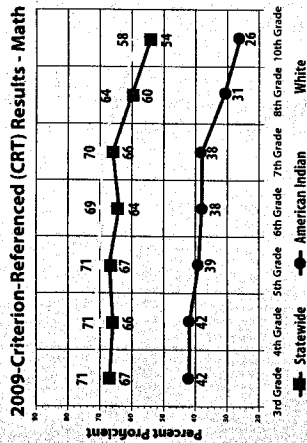
Montana Public School Districts Statewide Expenditures 2008-09



Based on the Standard and Poor's definition

2009 Criterion-Referenced (CRT)

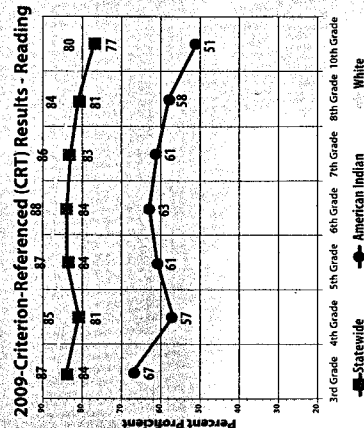
Results Math



In Spring 2009, Montana students took the CRT test in the 3rd through 8th and 10th grade, measuring progress towards state standards in reading and math.

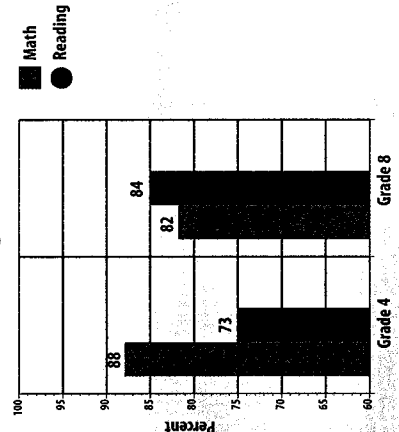
The achievement gap between American Indian students and all students is quite substantial in both reading and math in every tested grade. In math it is never closer than 24 points (4th grade) and in reading it is never closer than 17 points (3rd grade). As a general rule the older the student the greater the gap rising to 28 and 26 points respectively in the 10th grade.

Results Reading



2007 National Assessment of Educational Progress (NAEP)

Educational Progress (NAEP)



The National Assessment of Educational Progress (NAEP), referred to as the Nation's Report Card, is a measure of student achievement in the United States.

High School Graduates 2009

High School Graduates 2009

GED* recipients (ages 16 to 19)

* General Educational Development

10,029

1,262

Licensed K-12 Staff (Full-Time Equivalent) 2009-10

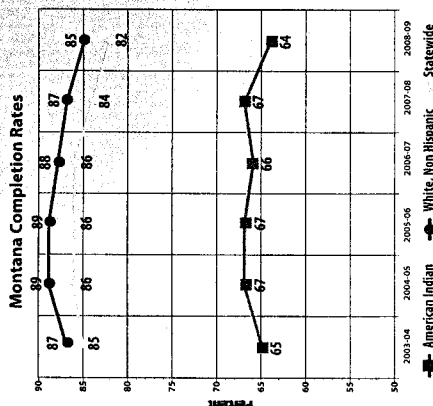
Teachers: Classroom, Title I, Special Ed. 10,624
Superintendents and Assistant Superintendents 143
Principals and Assistant Principals 326
Other Administrative Staff 166
Education Specialists (Library, Guidance Counselors, Etc.) 974
Licensed Professionals (Non-Educator) 360

Total Licensed Staff FTE 12,733

Paraprofessionals 2,344

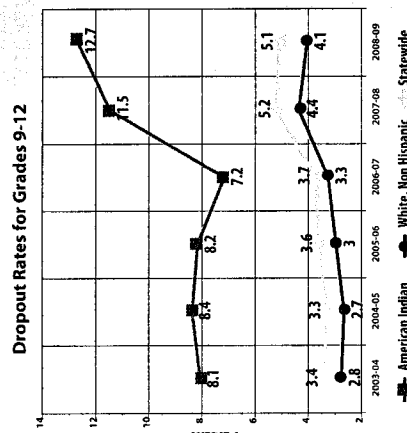
Total Licensed and Paraprofessional Staff 15,077

Montana Completion Rates 2003-04 to 2008-09



Overall high school completion rates have been relatively stable over the past six years, with a slight decline in the past two years. The gap between American Indian students and all students combined is 18 percentage points. The gap between white students and American Indian students is 21 percentage points.

Dropout Rates for Grades 9-12 2003-04 to 2008-09



Student level data from schools and increased quality control measures result in more accurate data. The 2008-09 data should be considered baseline. Data collected for subsequent years will provide needed trends.

Student/Teacher Ratio

2006-07 2007-08

Montana average 13.9

National average 15.5

Data from Common Core of Data, USDE

Assessment

| Test Scores | 2008 | | 2009 | | 2010 | |
|-------------|------|-------|------|-------|------|-------|
| | MT | Natl. | MT | Natl. | MT | Natl. |
| ACT** | 22.0 | 21.1 | 22.0 | 21.1 | 22.0 | 21.0 |

SAT*

| | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|
| verbal | 541 | 502 | 541 | 501 | 539 | 498 |
| math | 548 | 515 | 542 | 515 | 542 | 511 |
| writing | 523 | 494 | 519 | 493 | 518 | 488 |

** American College Testing Program-- High Score 36. In 2010 58% of Montana graduating seniors took the ACT. Nationally 47% of graduating seniors took the ACT.

*Scholastic Aptitude Test-- High Score 800. In 2010 19% of Montana graduating seniors took the SAT. Nationally 37% of graduating seniors took the SAT.

School Size and Enrollment 2009-10

| School Size | # of Schools | Percent of School Enrollment | Percent of Total Enrollment |
|-------------|--------------|------------------------------|-----------------------------|
| >500 | 49 | 6% | 30% |
| 250 to 499 | 160 | 19% | 40% |
| 100 to 249 | 161 | 19% | 19% |
| 50 to 99 | 117 | 14% | 6% |
| <50 | 341 | 41% | 6% |
| | 828 | 100% | 100% |

* Due to rounding numbers may not add up to 100%

Poverty Indicators

| Poverty Indicators | M.T. | National | Rank |
|---|--------|----------|------|
| Age 5-17 in Families | | | |
| in Poverty* | 16.70% | 16.40% | 29th |
| Percent Eligible for Free/Reduced Lunch** | 35.10% | N/A | 21st |

*US Census Bureau 2007

** Common Core of Data, 2006-07 School Year

Public School Districts

| | 2009-10 |
|------------------------------------|------------|
| K-12 districts | 52 |
| Combined elementary (joint board) | 105 |
| Combined high school (joint board) | 105 |
| Single districts (154 el, 4 hs) | 156 |
| State-funded districts | 2 |
| Nonoperating and annexed districts | 7 |
| Total School Districts | 427 |

School Data

| | 2009-10 |
|----------------------------------|------------|
| Elementary Schools | 444 |
| Middle, 7&8, Junior High Schools | 213 |
| High Schools | 171 |
| Total Schools | 828 |

Nonpublic School Enrollment

| | 2007-08 | 2008-09 | 2009-10 | % of Total Enrollment |
|--------------|---------------|---------------|---------------|-----------------------|
| Private | 8,707 | 7,816 | 7,645 | 5.1% |
| Home school | 4,106 | 3,973 | 4,079 | 2.7% |
| Total | 12,813 | 11,789 | 11,724 | 7.8% |

About the Big Sky State

- Population: 902,195 (2000 Census); Population 974,989 (2009 Estimate)
- Size: 147,046 square miles (fourth largest state)
- Population density: 6.2 per square mile (2000 Census)
- State racial makeup: White 90.6%, American Indian 6.2%, Hispanic 2.0%, Asian 0.6%, Black 0.3%, other 0.6% (2000 Census)
- Seven Indian Reservations and 12 Tribal Nations including one landless tribe, the Little Shell Chippewa
- School racial makeup: White 83.1%, American Indian 1.8%, Hispanic 2.8%, Asian 0.9%, Black 1.0%, Pacific Islander 0.3%
- 570 miles long, 315 miles wide
- Elevation range: 1,820 to 12,799 feet above sea level
- Borders three Canadian provinces and four states
- Headwaters for two major rivers - Missouri and Columbia
- Primary industries: agriculture, services, government (including education) and retail trade

For more information about Montana, contact:

- www.discoveringmontana.com
- Travel Montana (406) 841-2870
- <http://ceic.commerce.mt.gov>
- The Census & Economic Information Center (406) 841-2740

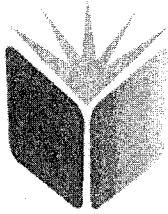
For more school data

- www.opi.mt.gov/measurement
- www.opi.mt.gov/reportcard

It is an honor and a privilege to be Montana's Superintendent of Public Instruction and to serve as an advocate for our state's education system. The Montana Department of Public Instruction is here to assist Montana's schools and the education community in guaranteeing that all Montana's students receive a quality education. Education is no more important aspect of a quality education than a good classroom. A good education brings better jobs, more opportunities, and stronger communities. An informed public makes informed decisions that support good decisions. That is why I am pleased to share with you facts about Montana education. Learn more about K-12 education in Montana on our Website - www.opi.mt.gov.

Denise Juneau
Denise Juneau, State Superintendent

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Definition of a Basic System of Free Quality Public Elementary and Secondary Schools

Montana Code Annotated

20-9-309. Basic system of free quality public elementary and secondary schools defined -- identifying educationally relevant factors -- establishment of funding formula and budgetary structure -- legislative review. (1) Pursuant to Article X, section 1, of the Montana constitution, the legislature is required to provide a basic system of free quality public elementary and secondary schools throughout the state of Montana that will guarantee equality of educational opportunity to all.

(2) As used in this section, a "basic system of free quality public elementary and secondary schools" means:

(a) the educational program specified by the accreditation standards provided for in 20-7-111, which represent the minimum standards upon which a basic system of free quality public elementary and secondary schools is built;

(b) educational programs to provide for students with special needs, such as:

(i) a child with a disability, as defined in 20-7-401;

(ii) an at-risk student;

(iii) a student with limited English proficiency;

(iv) a child who is qualified for services under 29 U.S.C. 794; and

(v) gifted and talented children, as defined in 20-7-901;

(c) educational programs to implement the provisions of Article X, section 1(2), of the Montana constitution and Title 20, chapter 1, part 5, through development of curricula designed to integrate the distinct and unique cultural heritage of American Indians into the curricula, with particular emphasis on Montana Indians;

(d) qualified and effective teachers or administrators and qualified staff to implement the programs in subsections (2)(a) through (2)(c);

(e) facilities and distance learning technologies associated with meeting the accreditation standards;

(f) transportation of students pursuant to Title 20, chapter 10;

(g) a procedure to assess and track student achievement in the programs established pursuant to subsections (2)(a) through (2)(c); and

(h) preservation of local control of schools in each district vested in a board of trustees pursuant to Article X, section 8, of the Montana constitution.

(3) In developing a mechanism to fund the basic system of free quality public elementary and secondary schools and in making adjustments to the funding formula, the legislature shall, at a minimum, consider the following educationally relevant factors:

(a) the number of students in a district;

(b) the needs of isolated schools with low population density;

(c) the needs of urban schools with high population density;

(d) the needs of students with special needs, such as a child with a disability, an at-risk student, a student with limited English proficiency, a child who is qualified for services under 29 U.S.C. 794, and gifted and talented children;

- (e) the needs of American Indian students; and
 - (f) the ability of school districts to attract and retain qualified educators and other personnel.
- (4) By July 1, 2007, the legislature shall:
- (a) determine the costs of providing the basic system of free quality public elementary and secondary schools;
 - (b) establish a funding formula that:
 - (i) is based on the definition of a basic system of free quality public elementary and secondary schools and reflects the costs associated with providing that system as determined in subsection (4)(a);
 - (ii) allows the legislature to adjust the funding formula based on the educationally relevant factors identified in this section;
 - (iii) is self-executing and includes a mechanism for annual inflationary adjustments;
 - (iv) is based on state laws;
 - (v) is based on federal education laws consistent with Montana's constitution and laws; and
 - (vi) distributes to school districts in an equitable manner the state's share of the costs of the basic system of free quality public elementary and secondary schools; and
 - (c) consolidate the budgetary fund structure to create the number and types of funds necessary to provide school districts with the greatest budgetary flexibility while ensuring accountability and efficiency.
- (5) At least every 10 years following April 7, 2005, the legislature shall:
- (a) authorize a study to reassess the educational needs and costs related to the basic system of free quality public elementary and secondary schools; and
 - (b) if necessary, incorporate the results of those assessments into the state's funding formula.

History: En. Sec. 2, Ch. 208, L. 2005.



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Education and Local Government Interim Committee 61st Montana Legislature

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SHARED POLICY GOALS AND ACCOUNTABILITY MEASURES FOR THE K-12 PUBLIC EDUCATION SYSTEM 2013 BIENNIUM

This document on shared policy goals and accountability measures represents a merging of the following efforts that have involved leaders from the legislature, the executive and the K-12 public education system during the 2011 interim:

- Board of Public Education strategic goals and objectives
- Superintendent of Public Instruction strategic goals and objectives
- Shared policy goals and accountability measures development by the Education and Local Government Interim Committee (ELG) Subcommittee on Shared Policy Goals

The documentation for these efforts provides important background, history and context for these shared policy goals and accountability measures, in particular the shared commitments to prepare students for success in the 21st century, to improve teaching and student learning, to improve student achievement in struggling schools, and to increase public awareness and engagement in the K-12 educational system.

This document is nonbinding. The ELG shall review, update, approve, and renew this understanding each biennium with the Board of Public Education and Superintendent of Public Instruction so that it may become the basis of state public policy in regard to the K-12 education system.

As a statement of public policy goals for public education in Montana, this document reflects the ELG's commitment to a basic system of free quality public elementary and secondary schools such that funding high quality education is a critical goal of the State of Montana. This document, in conjunction with the definition of a basic system of free quality public elementary and secondary schools established in section 20-9-309, MCA, will provide the policy direction needed to maintain a free quality elementary and secondary education system in Montana.

The authors of this document urge that it, along with 20-9-309, MCA, be used by the legislature in the 2011 legislative session to frame education budget initiatives and other policy recommendations for the 2013 biennium.

| K-12 Shared Policy Goals, Objectives, and Accountability Measures | | |
|---|--|---|
| 2013 Biennium | | |
| Shared Policy Goal | Objectives | Accountability Measures |
| 1. Prepare students with the knowledge and skills necessary for success in the 21st century global society. | 1.1. Increase Montana's high school graduation rate. | By June 30, 2013, increase by 2 percent the number of students who graduate in 4 years with a regular high school diploma. |
| | 1.2. Review the ARM rules that govern accreditation, certification, and professional educator preparation programs on a regular cycle. | By June 30, 2013, increase by 2 percent the number of schools meeting regular accreditation standards using 2011/2012 school year as a baseline. |
| 2. Improve teaching and student learning by promoting data-driven policy decisions and increasing access to educational information. | 2.1. Develop a statewide longitudinal data system to collect and report reliable and timely data on Montana K-12 students. | By June 30, 2013, the K-12 education data warehouse will be established as the single source of information for reporting and analysis of K-12 student level data collected by the OPI as measured by the number of reports produced from the data warehouse. |
| | 2.2. Improve access to K-12 education data by educators, policymakers, and the public. | By June 30, 2013, educators, policymakers, and the public will have access to data in the data warehouse through standardized reports and ad hoc query tools in accordance with the access rights established for the individual accessing the data as measured by the number of categories of users. |
| 3. Improve student achievement in struggling schools. | 3.1. Provide learning supports and promote greater community engagement to increase greater student achievement in schools identified as struggling. | The number of schools served by the Statewide System of Support that show an increase in student achievement as measured by the statewide student assessment (criterion-referenced test) using the 2009-10 school year as a baseline. |
| 4. Increase public awareness of and engagement in the K-12 educational system recognizing the roles and responsibilities of the state and local educational agencies and the legislature. | 4.1. Promote coordination and collaboration among the legislature and K-12 education agencies recognizing the constitutional roles of the Board of Public Education, Montana Legislature and local school districts. | Progress shall be measured by continuous improvement in attaining the identified accountability measures in the K-12 education shared policy goal agreement. |

K-12 SHARED POLICY GOALS

WHEREAS, Article VIII, section 12, of the Montana Constitution vests in the Legislature the responsibility to ensure strict accountability of all revenue received and spent by the state, counties, cities, and towns and all other local governmental entities, and Article X, section 1, requires the Legislature to fund and distribute in an equitable manner to the school districts the state's share of the cost of the basic elementary and secondary school system; and

WHEREAS, Article X, section 9, of the Montana Constitution vests in the Board of Public Education the general supervision of the public school system; and

WHEREAS, section 20-3-106, MCA, grants supervision over certain aspects of the public schools and districts of the state to the Superintendent of Public Instruction; and

WHEREAS, Article X, section 8, of the Montana Constitution states that the elected board of trustees in each school district shall exercise supervision and control of schools in the district; and

WHEREAS, agencies of the education community have increasingly, and to positive effect, shared leadership between themselves and with the Education and Local Government Interim Committee; and

WHEREAS, an understanding of shared policy goals and accountability measures for the K-12 public education system, shared by the Superintendent of Public Instruction, the Board of Public Education, and Education and Local Government Interim Committee, represents an important advance in interagency cooperation and the quality of education policymaking; and

WHEREAS, shared policy goals must be systematically tied to accountability measures in order to ensure timely and effective implementation of policies; and

WHEREAS, the Education and Local Government Interim Committee Subcommittee on Shared Policy Goals and Accountability Measures, comprised of four legislators and education agency partners, with representatives from the Board of Public Education and the Office of Public Instruction, has identified statewide public elementary and secondary education policy goals and accountability measures for the K-12 public education system, in collaboration with the education agency partners;

This UNDERSTANDING crafted by the Education and Local Government Interim Committee, the Office of Public Instruction, and the Board of Public Education, identifies the statewide public elementary and secondary education policy goals and related accountability measures (see pages 1-2 above) that will be used as a policy goal setting and assessment tool for policymakers, the K-12 education system, and the public in evaluating the achievement of the policy goals; and that will be used, in conjunction with 20-9-309, MCA, as a guide to drive

decision packages and funding mechanisms for the state funding that is appropriated to the K-12 education system by the Montana State Legislature.

Furthermore:

1. The K-12 education system shall prepare a Shared Policy Goals and Accountability Measures Report presenting appropriate and current data for these goals and accountability measure in an easy-to-read format.
2. This report shall be presented to the House and Senate Education Committees and the Joint Appropriations Subcommittee on Education by the 10th legislative day of the 62st Legislature (2011 legislative session).
3. This report shall be posted to the Board of Public Education, Office of Public Instruction, and Education and Local Government Interim Committee websites by January 1 each odd numbered year.

The signatures below denote that the signatories fully participated in and support the shared policy goals and accountability measures cited herein.

This document expires June 30, 2013.

Dated this 17th day of August 2010.

X Wanda Grinde

Representative Wanda Grinde, Chair
Education and Local Government Committee

X Patty Myers

Patty Myers, Chair
Board of Public Education

X Kelly Gebhardt

Senator Kelly Gebhardt, Vice Chair
Education and Local Government Committee

X Denise Juneau

Denise Juneau, Superintendent
Office of Public Education

X Bob Lake

Representative Bob Lake, Chair
ELG Subcommittee on Shared Policy Goals



Graduation Matters Montana

opi.mt.gov

Why do we need to raise the legal dropout age in Montana?

Superintendent Juneau believes we need to set an expectation for every child in Montana to graduate from high school. In today's global economy, a quality education is the key to economic prosperity for our young people. Our goal is that all Montana students graduate from high school college- and career-ready.

The current legal dropout age of 16 was established in 1921--a time of very different social and economic circumstances than today. On average, high school dropouts nationwide earn \$9,200 less per year than high school graduates and about one million dollars less over a lifetime than college graduates.¹

How do we compare? Thirty-one states have a legal dropout age higher than Montana.²

- **Age 16: 19 states** and the Virgin Islands (AK, AZ, DE, FL, GA, ID, IA, KT, MD, MA, MN, MT, NY, NC, ND, NJ, RI, VT, WY)
- **Age 17: 11 states** (AL, AK, CO, IL, ME, MI, MS, PA, SC, TN, WV)
- **Age 18: 20 states** and the District of Columbia, American Samoa, and Puerto Rico (CA, CT, DC, HI, IN, KS, LA, MI, NE, NV, NH, NM, OH, OK, OR, SD, TX, UT, VA, WA, WI)

The national median state graduation rate (graduates on time in four years) was 74.6 last year, while Montana had 80.7% of its students graduate on time. In 2009, 2,423 students in grades 7-12 dropped out of school. The 2008-2009 dropout rate (snapshot of one year's data) for Montana high schools was 5.1 percent.

How does not addressing Montana's dropout rate impact our economy?

Nearly 80% of male inmates and 75% of women inmates at Montana State Prison are high school dropouts.

About 38% of inmates at Montana State Prison and 28% of inmates at the MT Women's Prison have earned neither a diploma nor a GED.³

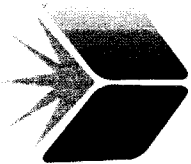
In 2005, 21% of families with no high school diploma were living below the poverty line, compared to 7.1% of those with high school diplomas. In addition, workers who did not graduate from high school have an unemployment rate that is twice as high as someone who has a high school diploma.

According to the Alliance for Excellent Education, the lost lifetime earnings in Montana from dropouts this year alone total nearly \$830 million. Montana would save more than \$29.8 million in health care costs over the lifetime of each class of dropouts. The economy of Montana would see a combination of crime-related savings and additional revenue of about \$19.6 million each year if the male high school graduation rate would increase by just 5 percent.

¹ "The Silent Epidemic, Perspectives of High School Dropouts," John M. Bridgeland, John J. Dilulio, Jr., and Karen Burke Morison, 2006

² Education Commission for the States, Compulsory School Age Requirements, June 2010

³ Montana Department of Corrections, 2009 Biennial Report



**Montana
Office of Public Instruction**
Denise Juneau, State Superintendent

opi.mt.gov

**FY 2010 TOTAL
GENERAL FUND EXPENDITURES
INCLUDES STATUTORY APPROPRIATION
(GUARANTEE FUND & TIMBER) & SFSF**

Total Expended ~
\$721,299,721

Local Education Activities
Program 09 (GF & SA)
95.2% of total

\$686,638,291

\$9,330,401

State Level Activities
Program 06 ~ 1.3% of total

\$25,331,029

State Fiscal Stabilization
Funds ~ 3.5% of total

**FY 2010 TOTAL
FEDERAL EXPENDITURES**

Local Education Activities
Program 09 ~ 91.9% of total

\$166,682,419

Total Expended ~
\$181,354,647

\$14,672,229

State Level Activities
Program 06 ~ 8.1% of total